KBZMS General Insurance of Politically Exposed Persons

Management Policy

1. Introduction and Objective

1.1 The purpose of this document is to provide a framework on the acceptance, management and monitoring of clients which are considered to be Politically Exposed Persons (PEP). This is done in order to comply with the Anti-money laundering rules and regulations enacted by the government of the Republic of the Union of Myanmar. The objective of this framework does not limit to the compliance aspect alone and extend out to mitigate reputational risk, operational risks and legal risk.

2. Definitions

2.1 Definition of Politically Exposed Person is wide-ranging. As per international and local regulations, Politically Exposed Persons 'hereinafter referred to as (PEP)' have been defined as: individuals who are or were entrusted with prominent public functions, either domestically or internationally.

2.2 The following examples provide assistance in defining PEP's. The examples apply to any individuals that may have held the same position in the past –

The coverage also includes:

1. **Family members** defined as individuals related to a PEP, by common ancestry, through marriage or similar forms of partnership; and

2. **Close associates** defined as those who are closely connected to a PEP in their public roles, either socially or professionally.

3. Policy

3.1 KBZMS will not withdraw from doing business with PEP and as such, the identification of PEP does not create an automatic reason to decline or reject an insurance proposal or any other legitimate and true transactions. However, when PEP is identified, CDD should be conducted prior to a decision on whether to establish a business relationship or not.

3.2 A PEP relationship will not automatically involve Money Laundering and consequently care should be taken to adopt a balanced and informed approach to such business which is commensurate with the risks involved.

3.3 This policy ensures that there are preventative measures put in place in respect of establishing business relationship with PEPs and that there are also procedures to prevent the misuse of the financial systems.

4. PEP identification Process

4.1 Collection of documents from clients

Know your customer information will be collected for each new business units during the customer onboarding process and when assessing potential opportunities. This information will assist for conducting background screening of customers.

4.2 Internet and media searches

KBZMS understands that using the internet and media as sources of information is not the best way and may not yield comprehensive or reliable for the determination, monitoring and verification of information in relations to PEPs but such sources will be used to look for any links.

4.3 Customer due diligence (CDD)

4.3.1 Customer due diligence is a key source of information for the purpose of determining whether a customer is a PEP.

4.3.2 To identify and know your customer better by conducting a CDD. CDD must be conducted when

a) KYC conducted during establishment of a business relationship with a customer is deemed insufficient;
b) Doubtful in the authenticity or adequacy of documents, data or other information which were previously obtained in the KYC process;
c) Existing customers and/or new customers purchase insurance policies more than his/her stated salary.

4.3.5 To verify the customers are not listed on any sanction lists, and to determine whether they or their family members, close associates or beneficial owners are PEPs.

4.3.6 The beneficial owners may be uncovered when conducting a CDD on PEPs and it should be verified accordingly by Compliance Department.

4.3.7 To ensure that the information is forwarded to Compliance Team for authorization of Enhanced customer due diligence (ECDD) to be conducted if there are positive identification of a customer as a PEP.

4.3.8 Once PEP has been positively identified, ECDD must be performed on the prospective or existing relationship.

4.3.9 Once an ECDD has been concluded, Compliance Team will advise the Management Committee about the information discovered regarding the identified PEP and extends to the Board of Directors (''Board'') for some cases if necessary.

4.4 Enhanced Customer due diligence (ECDD)

4.4.1 Enhanced Customer due diligence is to obtain the additional information not covered at the CDD process.

4.4.2 The following requirements must be met before senior management can consider approving the on-boarding of a PEP:

i. The Customer's source of wealth must be established. Source of wealth means the origin of the customer's total wealth, which includes, for instance inheritance or savings.

ii. Verification and review of any adverse media the PEP might have.

iii. Review of transactions history.

Above mentioned requirements will apply to new customers and/or existing customers in addition to customers of which the beneficial owners, authorized officer (signatory to the customer account) is a PEP.

5. Procurement and Outsourcing matters

5.1 Management and Compliance Team must ensure that any shortlisted prospective supplier and service providers are screened accordingly.

5.2 When PEPs are identified in the procurement and outsourcing process, any respective personal dealing with the potential supplier must forward the details of the identified PEPs to the Compliance Team in order to conduct a CDD.

6. Screening process of Customers

6.1 Customer on-boarding process requires screening of all new customers at the time of relationship establishment or as soon as possible thereafter. It also required to screen existing customers who have been identified as a PEP.

6.2 As part of the risk assessment and enhanced customer due diligence (ECDD), screening for PEP will be conducted against the following –

- Name, Date of Birth and ID (or) Address against current governmental list of PEP

- The source of wealth involved (and the economic activity which created the wealth);

- Source of funds to be used in the relationship;

- The services/products required;

- The nature of the PEP's public positions;

- The PEPs involvement in the corporate entity customer/prospective customer, where applicable;

- The nature of the relationship with the PEP (where the prospective customer/customer is a family member/close associate of the PEP); and

- Considering other reputable sources of information such as industry publications, government publications or press releases and/or company issued updates etc.

7. Monitoring

7.1 Once KBZMS have established a business relationship of any kind with a PEP, it is the responsibility and duty of the Compliance Team to conduct on-going monitoring on the PEP's and advise the business based on any negative changes that may have occurred in the political scene.

7.2 Regular assessment of clients; those who are identified as a PEP or those with direct relationships such as family members or those with indirect relationships through their association with a PEP, will be conducted:

- Every 3 months as part of the AML and compliance monitoring process; or
- As a result of a trigger event (whichever occur first)

7.3 A trigger event can include but not limited to

- A change in the PEP's Role
- A change in the PEP residency
- A new insurance policy proposal involving the same PEP
- Adverse Media Report
- A court order pertaining to misconduct

8. Reporting and Action

8.1 Compliance Team report to Management Committee if Compliance Team finds a PEP during the day to day activities.

9. Retention of documents

9.1 KBZMS will retain all necessary information and documents through the duration of the business relationship and for a period of at least 5 years after the severance of the business relationship with the PEP or such other period as may be prescribed for the retention of documents under the relevant Anti-Money Laundering laws in Myanmar.

10. Training and awareness

10.1 Legal and Compliance Department and senior management will ensure that training of employees are conducted at regular intervals and awareness campaigns will be conducted regarding the policy to ensure that employees have a better understanding of PEPs, the risks associated with PEPs, how KBZMS is dealing with the PEPs and for all around compliance with the effected laws, rules and regulations.

11. Continuous Improvements

11.1 This framework, plans and procedures etc will be reviewed and updated annually or earlier in line with any changes to business, market and regulatory requirements.

As part of the review and monitoring of the framework, in addition to the reviews undertaken by the company's appointed Head of Legal and Compliance has an important role in ensuring that this framework achieves its objectives as agreed and set up.